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SIPDIS

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TAGS: PREL PGOV KNNP IN NL EUN
SUBJECT: NETHERLANDS/EU/INDIA: "NEW PARTNERSHIP" HAS LITTLE SUBSTANCE

REF: NEW DELHI 7078

Classified By: POL Counselor Andrew Schofer for reasons 1.4 (b/d)

¶1. (C) Summary: Beyond welcoming a new "strategic partnership," the November 8 EU-India Summit was perhaps more notable for what it lacked than what it included. The new "strategic partnership" appears to be little more than a wishlist of topics for cooperation to be fleshed out over the next year. As recounted by Dutch contacts, the two-and-a-half hour meeting and follow-on lunch consisted of skin-deep exchanges on UN issues, counterterrorism, non-proliferation, WTO, environment, recent developments in Europe, and regional developments in South Asia and the Middle East. The evening business round-table, which was to provide a venue for India to attract trade and investment, devolved into an exchange about the problems both sides experience in getting access to the other's economy. End Summary.

¶2. (U) The fifth Summit between the EU and India was held in The Hague on November 8. The EU was represented by Dutch PM Balkenende and FM Bot in their Presidency capacity, EC President Romano Prodi, High Rep for CFSP Javier Solana, and Trade Commissioner Pascal Lamy. Indian PM Manmohan Singh, External Affairs Minister Natwar Singh, and Commerce and Industry Secretary Kamal Nath represented India. Following the summit, the two sides issued a Joint Declaration on Cultural Relations and Joint Press Statement, available on-line at www.eu2004.nl/20041108-151953-A.

"Strategic Partnership"

¶3. (C) The new "strategic partnership" is the sixth such EU partnership. Dutch Head of Southern Asia affairs Wilfred Mohr and India desk officer Louise Huijbens described the EU-India strategic partnership to poloff as a recognition of India's growing importance in the world, with both sides determined to "deepen economic cooperation and broaden political cooperation." The partnership also reflects shared values and interests with regard to democracy, free press, secularism and multilateralism and embodies the hope that India will play a crucial regional role for stability in South Asia and will support democratic reforms in places such as Burma.

¶4. (C) The partnership, however, appeared to be less a set of concrete proposals than a "wishlist" describing various areas for future cooperation -- to be drawn together in an Action Plan for acceptance at the next Summit. For example, Mohr and Huijbens expected that the partnership will institutionalize the previously ad hoc economic cooperation in such areas as Galileo, maritime and agricultural fields, and provide a forum for anticipated dialogue in areas including industry, environment, transport, IT, and biotechnology. Dialogue on disarmament and non-proliferation, conflict resolution, and a panel on energy are all mentioned on the Joint Declaration's wishlist for the strategic partnership, but were not discussed at the Summit; nor did the Dutch have an understanding about the direction in which these topics would ultimately move. The best-articulated area for cooperation was outlined in a Joint Declaration on Cultural Relations released after the Summit, which looks forward to expanded cultural exchanges and cooperation in fields including education, public and private organizations, art, film and tourism.

Multilateral Issues

¶5. (C) In a discussion of "effective multilateralism," the two sides reportedly embraced their strongly shared value in multilateralism. Yet, in specifics, their differences and the topics left out of discussion weighed heavier than those included:

- United Nations

(SBU) India made clear its desire for a seat on the Security Council, noting in particular that its level of democracy, economy, and peacekeeping support are in line with its own idea of criteria for permanent membership. The EU responded that it did not yet have a position on UNSC membership, but instead would wait for the December release of the UN

high-level panel opinion.

- Human Rights

(C) While India desk officer Louise Huijbens had told poloff September 16 that she hoped human rights would appear on the Summit's agenda this year, Huijbens confirmed November 11 that India had refused to discuss the issue on a bilateral basis. Although the Joint Declaration asserts that both sides "affirmed our willingness to continue discussing Human Rights in a comprehensive manner," Huijbens said the Dutch and EU would look for a discussion of the topic in multilateral contexts such as the UN and would potentially move it back into a bilateral context in the future.

- Counterterrorism
(SBU) The EU deferred a discussion of "root causes of terrorism" when India refused to discuss what it felt could lead to a distinction between "good and bad terrorism." The EU agreed that "all acts of terrorism are bad" but continued to feel that addressing conditions it sees as underlying terrorist behavior could prove beneficial. The EU agreed to look into ways to increase dialogue and cooperation in terrorism-related areas including narcotics, cyber-terrorism, and money laundering.

- Disarmament and Non-proliferation

(C) Instead of a real discussion of disarmament and non-proliferation issues, the two sides made statements of position and "agreed to disagree." India stated it believes the NPT is discriminatory and should be overhauled. The EU responded with vague references to non-proliferation as an issue of increasing importance and stressed the role of the IAEA, but only noted concerns about India's export control regime. Huijbens told poloff that while overall she saw "no movement" on either side during this discussion, she and Mohr both believed India seemed to attach greater importance to improving its export controls. Huijbens noted that the EU did not feel it could state its desire for India to sign up to the NPT, however. Also missing was any discussion of non-military technology or civilian nuclear issues.

- Economics and Trade

(C) During a discussion of the WTO Doha Round, India noted its desire to see further agricultural liberalizations from the EU, reductions in hidden barriers to trade, further progress on trade in services, and reductions in the anti-dumping measures taken by the EU. Missing from the economic agenda was any discussion of India's level of development, including progress toward Millennium Goals. Huijbens commented that, as in the area of human rights, India asserts that it is capable of handling development on its own, and takes offense to bilateral discussion as an attack on its status as a developed nation.

- Business Round Table

(SBU) A Round Table of Business Leaders was held in the evening following the Summit, attended by trade representatives of both sides and leaders of several European businesses. India briefed on its investment plan and infrastructure, agricultural reform investments, and made a pitch for the benefits of outsourcing. Business leaders described problems encountered in trade with India, including intellectual property problems, limits on FDI ownership, and a lack of openness in India's retail sector. In its turn, Indian representatives complained about visa restrictions in Europe, non-tariff barriers, and again lamented the EU's use of anti-dumping regulations.

- Environment

(SBU) Both India and the EU praised Russia's recent ratification of the Kyoto Protocol and looked forward to increasing multilateral attention to environment. Missing from the discussion was any address of post-Kyoto understandings, practical cooperation, or moves on the part of India to lower gas emissions. According to Huijbens, India stated that "since gas emissions are lower in developing countries India should not have to pay more attention to such emissions."

South Asian and Other Regional Issues

¶6. (C) While discussion of developments in South Asia were relatively substantive and only marred by disagreement over handling of Burma, the discussions was limited in most areas to an exchange of updates:

- Pakistan

(SBU) The EU expressed its wish to enter into a structural political dialogue with Pakistan, and welcomed the composite

dialogue between India and Pakistan. The EU encouraged India to continue dialogue and CBMs. India said that progress in normalization discussions were on track and that it is satisfied with the current situation, and noted that Pakistani President Musharraf will visit Delhi later this month.

- Bangladesh.

(C) Huijbens noted that Bangladesh was added late to the Summit agenda at the request of "certain EU member states." The EU stated its concern about the deteriorating political and rule of law situation in Bangladesh. India said it was also concerned about the situation, stating it was not able to work with Bangladesh, and cited particular concerns about fundamental Islam. India mentioned interest in the potential for trade and energy in Bangladesh. India said it is seeking progress on this issue within the South Asian Association for Regional Cooperation (SAARC) context.

- Nepal

(SBU) The EU expressed its concern about the ongoing conflict in Nepal. India said it is worried about its open border with Nepal and the possibility of spillover, and that it is encouraging the Government of Nepal that there must be a negotiated rather than military solution.

- Burma

(SBU) The EU explained its ASEM enlargement decision, expressed disappointment that Burma had not met the EU's conditions of participation, and described the expanded sanctions regime put in place after the meeting. India said it as also dissatisfied that democratic reforms in Burma were lagging, but strongly disagreed with the effectiveness of pressure. India said engagement and economic cooperation would be more effective than the EU's policy of pressuring Burma.

- Afghanistan

(SBU) Both sides agreed that the Afghan presidential elections had been successful and looked forward to success in the remaining parliamentary elections. The EU and India agreed that in the way forward special attention will have to be paid to counternarcotics, as it will affect many other sectors of reconstruction.

- Middle East, Iraq and Iran

(SBU) The EU briefed on its perception of the Middle East Peace Process, emphasizing the Quartet's role, and adding that the pace of the process should be stepped up. India stressed the need for democratic reforms in the Palestinian authority and agreed with the EU that Israeli withdrawal was a positive first step. Turning to Iraq, India said it had been unable to get military involvement passed through parliament but looked forward to elections and emphasized that Iraq's territorial integrity should not be open to discussion. A discussion of Iran was added at India's request, during which the EU briefed on the Iran nuclear program while India listened without comment.
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